

HIGHLIGHTS OF TAX LEGISLATION PASSED IN 2003

Education Property Tax

Beginning in fiscal year 2005 (July 1, 2004 - June 30, 2005), the statewide education and local share property taxes are replaced with a new statewide property tax imposed at the rate of \$1.59 per hundred dollars of value on nonresidential property and \$1.10 per hundred dollars of value on homesteads for per pupil spending of \$6800, the “base education payment”. H. 480, §§ 1 - 4. For fiscal year 2004, before the new provisions took effect, the statewide education property tax was \$1.10 per \$100 of value and the State support grant was \$5810. H. 480, §§ 76,77.

A homestead includes the entire parcel of land surrounding the dwelling regardless of whether a road intersects the land. If there are 2 or more homesteads on a single parcel, the value of the parcel allocated to each homestead shall be the total parcel value divided by the number of principal dwellings, unless a different ownership of record is established. H. 480, § 3.

The homestead rate increases proportionately for per-pupil spending in excess of \$6800. In towns that spend in excess of 125 percent (135 percent in fiscal year 2005 and 130 percent in fiscal year 2006) of the statewide average per equalized pupil spending, the excess spending is double-weighted. The base education payment grows by an inflation index in 2006 and after. H. 480, §§ 3, 4, 15.

The commissioner of taxes determines how much education tax is to be collected by each municipality based on these rates times the most recent equalized nonresidential and homestead values. Towns may retain one-eighth of one percent of the total tax collected if timely remitted to the State. H. 48, § 4.

The new law requires each resident individual to file an annual homestead declaration on or before April 15 and imposes a penalty in the amount of 3 percent of the education tax for the failure to file a timely declaration if the municipality’s nonresidential tax rate is higher than its homestead tax rate. If the nonresidential tax rate is the same or lower, the penalty is 8 percent of the education tax liability. The penalty is imposed and collected by the municipalities. Effective January 1, 2004. H. 480, § 6.

The exemption for ski lifts and snowmaking equipment from education property tax applies to grand lists for 2004 and after. The value shall be excluded from the calculation of the municipality’s education tax liability for purposes of determining equalized education grand lists for January 2004. H. 464, § 289b.

Property Tax Payments

The property that is eligible for a property tax adjustment is now described as the “housesite” to distinguish it from the homestead which has no acreage limitation. A housesite is the principal residence and up to two acres. Applies to claims filed in 2004 and after. H. 480, § 7.

A claimant whose household income does not exceed \$75,000 is entitled to an additional adjustment amount of \$10.00 per acre, up to a maximum of five acres, for each additional acre of homestead property in excess of the two-acre housesite. Applies to claims filed in 2004 and after. H. 480, § 9.

A “household” now excludes a person who is not related to any member of the household and who is residing in the household under a written homesharing agreement pursuant to a nonprofit homesharing program. Similarly, “rent constituting property taxes” does not include payments made under such an agreement. Applies to claims filed in 2004 and after. H. 480, § 7.

The exclusion from “modified adjusted gross income” for income earned by a dependent child or received by a dependent parent is increased from \$4000 to \$6500. Applies to claims filed in 2004 and after. H. 480, § 8.

Effective for claims filed in 2004 and after, the \$15,000 exclusion from the housesite’s equalized value is limited to claimants with household income of \$47,000 or less. Under former law the exclusion was available to claimants with household income less than \$75,000. Applies to claims filed in 2004 and after. H. 480, § 9.

An owner of a building containing “qualified rental units” is entitled to a reduction of education tax equal to ten percent of the ratio of qualified rental units to total rental units in the building. Qualified rental units are certain units subject to rent restriction under state or federal law. Applies to fiscal years 2005 and after. H. 480, § 4.

HIGHLIGHTS OF TAX LEGISLATION PASSED IN 2003 - CONTINUED

Sales and Use Tax

The sale and use tax rate increases from 5 percent to 6 percent on October 1, 2003. H. 480, § 30.

Telecommunications, which were formerly taxed at the rate of 4.36 percent, are subject to tax at the general rate of 6 percent beginning October 1, 2003. H. 480, § 31.

No sales or use tax is due on sales of personal computers to individuals for personal use from August 9 to August 11, 2003. S. 178, § 25.

Taxpayers are required to attest to the amount of use tax liability on their individual income tax returns. Alternatively, they may elect to report an amount that is .04% of their Vermont adjusted gross income. The Commissioner of Taxes will publish a table showing the alternative amount by income. Use tax liability arising from the purchase of each item with a purchase price in excess of \$1000.00 shall be added to the table amount. Applies to income tax returns for tax years 2003 and after. H. 480, § 35.

The local option tax (for towns that currently qualify) is extended from 2006 to 2008.

Upon Vermont's membership in Streamlined Sales and Use Tax Agreement, a multi-state project to simplify and modernize sales and use tax collection and administration, but no earlier than January 1, 2005, the sales and use tax and the local option tax will be amended in the following respects:

- (1) Conforming definitions and registration and filing provisions are adopted;
- (2) The \$110 ceiling on the exemption for clothing is removed;
- (3) The exemption for beer is repealed, making beer subject to the 6 percent sales tax;
- (4) The \$20 reduction per month per line of residential purchases of telecommunication services is repealed;
- (5) Clothing will become exempt from the local option sales tax and telecommunications will become subject to the local option sale tax. H. 480, §§ 51 - 66.

Income Tax

Capital gains treatment of dividends, enacted as part of the Federal Jobs and Growth Tax Relief Reconciliation Act of 2003, will not pass through to the Vermont income tax return. The dividends are included as ordinary income in Vermont taxable income. Applies to tax years beginning on and after January 1, 2003. H. 480, § 82.

Under the new Angel Venture Capital provision, a qualified taxpayer may subtract from taxable income 60 percent of any capital gain if the gain is invested within two years in an eligible venture capital investment. The gain excluded under this provision is taxable in the year in which the eligible venture capital investment is disposed. Eligible venture capital investment means up to \$200,000.00 of total investment by one person which is equity or at-risk debt investment, in one qualified business, for expenditure by the qualified business on plant, equipment, research, and development as working capital in Vermont. The treatment of capital gain income is available on a pro rata basis to partners, shareholders or members of an eligible partnership, S corporation or limited liability company. Applies to investments made after July 1, 2003. S. 178, § 24.

Two new credits are available to sustainable technology businesses with VEPC approval. The Economic Advancement Sustainable Technology Research and Development Tax Credit is equal to 30 percent of qualified sustainable research and development expenditures. The expenditures must be made within the State of Vermont for the purpose of design, development, or manufacture of computer software, machinery, or equipment used by an industry to generate electricity using biomass, geothermal, methane, solar or wind energy resources. The Economic Advancement Sustainable Technology Export Credit is equal to the difference between calculation of income tax liability using the statutory three factor formula (sales, payroll and property) and using a triple-weighted sales factor that disregards "throwback" of sales shipped to the United States Government or to states in which the company is not doing business. Both credits are available for taxable years beginning on and after January 1, 2003. S. 178, §§ 24b, 24c.

Other changes to VEPC-approved credits include an increase in the Workforce Development Credit from 10 to 20 percent of qualified expenditures and clarification of provisions related to carry-forward of credits, allowance of pass-through of credits to partners, shareholders and members and recapture and disallowance of credits. S. 178, §§ 18, 21, 21a.

HIGHLIGHTS OF TAX LEGISLATION PASSED IN 2003 - CONTINUED

A Vermont resident with federal adjusted gross income less than \$30,000 (or \$40,000 filing jointly) is eligible for a refundable credit against the individual income tax. The credit is equal to 50 percent of the federal child and dependent care credit allowed to the taxpayer for the taxable year for child or dependent care provided in Vermont in a registered home or licensed facility certified by the Agency of Human Services as meeting National Accreditation or National Credential Standards endorsed by the agency. This credit is in lieu of the child care and dependent care credit available under 32 V.S.A. § 5822(d) (24 percent of the federal child care and dependent credit). This was passed last year to apply to taxable years 2003 and after. 2001, No. 144 (Adj. Sess.), §§ 24, 42(8).

For tax year 2003 and after, the military pay exclusion from taxable income is increased from \$1500 to \$2000; eligibility for the exclusion is expanded from taxpayers with federal adjusted gross income less than \$47,000 to taxpayers with federal adjusted gross income of less than \$50,000; and pay received from the United States Reserve is expressly added to the exclusion which had previously referenced only National Guard pay. 2001, No. 144 (Adj. Sess.), secs. 1, 2, 42.

Effective for tax years 2003 and after, the threshold for imposing interest and penalty on underpayment of estimated tax liability is increased from \$250 to \$500. 2001, No. 140 (Adj. Sess.), § 10.

Interest on refunds resulting from amended or late filed returns begins to accrue on the 46th day after the date of filing the amended or late return. Formerly, interest accrued on amended returns from the 46th day after the date of filing the original return. H. 480, § 81.

Beginning with contributions made on and after January 1, 2004, a nonrefundable credit is allowed in the amount of five percent of the first \$2,000 per beneficiary contributed by a taxpayer to a Vermont Higher Education Investment Plan Account. The assets of the plan and income earned on those assets was already exempt from Vermont income tax. H. 141.

Current Use

Farm buildings enrolled in current use are exempt from all property taxes starting in fiscal year 2004 (grand lists for April 1, 2003) and the value of the buildings will be excluded from the calculation of a municipality's education tax liability for fiscal year 2004. Municipalities that have already lodged their grand lists may file an addendum to the grand lists reducing the value of farm building to zero. H. 464, §§ 286, 28, 289a.

Effective with respect to April 1, 2004 grand lists, a dwelling situated on enrolled land and used in the preceding tax year exclusively to house one or more farm employees, as defined in 9 V.S.A. § 4469 and their families, as a nonmonetary benefit of the farm employment, is a "farm building" with a listed value of zero. H. 464, § 286a.

With respect to use changes and development occurring after July 1, 2003, the land use change tax will be paid to the Commissioner of Taxes for deposit into the general fund instead of to the municipality in which the land is located. (The State holds municipalities harmless from the loss of taxes that would otherwise result from the difference between use value and fair market value.) H. 480, § 86.

Fuel Gross Receipts Tax

The fuel gross receipts tax is extended to June 30, 2008. 2003, No. 9.

Cigarette Tax

A directory of cigarette brands will be maintained on the Attorney General's Website based on annual certifications made by cigarette manufacturers. Cigarette brands that are not in the directory may not be sold in Vermont. This legislation is complementary to the Nonparticipating Tobacco Manufacturers Statutes, 33 V.S.A. §1912 et seq., that requires any tobacco manufacturer selling cigarettes in Vermont that is not participating in the Master Settlement Agreement to escrow funds available to satisfy claims against it. 2003, No. 14, eff. May 6, 2003.

HIGHLIGHTS OF TAX LEGISLATION PASSED IN 2004

Corporate Income Tax

Unitary combined reporting is adopted effective with tax years beginning January 1, 2006 and after. This is a corporate income tax system that apportions the taxable income of an entire multistate group of affiliated corporations that is engaged in a unitary business rather than the separate accounting income of only the corporations actually doing business in Vermont. The definition of “affiliated group” excludes corporations with 80% or more of property or payroll overseas and captive insurance companies. H. 784, secs. 2, 7.

Corporate tax rates are reduced for taxable years beginning on or after January 1, 2006 from 7% to 6% (\$0 to \$10,000 income bracket), from 8.10% to 7% (\$10,001 to \$25,000 income bracket), 9.20% to 8.75% (\$25,000 to \$250,000 income bracket) and 9.75% to 8.9% (income of \$250,001 and over). H. 784, sec. 3.

The rates are further reduced for taxable years beginning on or after January 1, 2007 for corporations with Vermont net income of \$25,001 and over, to 8.5%. H. 784, sec. 4.

Vermont’s apportionment formula, which currently gives equal weight to sales, property and payroll, in determining the portion of a corporation’s multistate income that is Vermont income is modified to double weight the sales factor. This change applies to taxable years beginning on or after January 1, 2006. H. 784, sec. 5.

The law that limited the corporate income tax of holding companies to minimum tax is repealed for taxable years beginning on or after January 1, 2006. A holding company is usually a member of an affiliated group and will be included in the combined return of the group. H. 784, 8.

The financial services development credit statute was clarified to provide that the credit is available only to businesses or the business owners for a pass-through entity, not to an employee who perform these services as part of the job, and is not available for investment services performed for the claimant’s family members. Act 70, sec. 43.

Taxpayers that make an eligible cash contribution to an affordable housing project are entitled to a tax credit against their individual income, corporate or bank franchise tax. Formerly, the credit was available only to the owner of the project. The amount of the credit is specified on a “credit certificate” issued by the Vermont Housing Finance Agency. Act 74.

The formation of the Vermont Seed Capital Fund is authorized for the purpose of increasing the amount of investment capital provided to new Vermont firms or to existing Vermont firms for the purpose of expansion. The first \$2 million of capitalization shall be eligible for a credit. The credit may be taken against personal income, corporate income, bank franchise or insurance premiums tax and is the lesser of 20 percent of the taxpayer’s contribution or 50 percent of the taxpayer’s liability for that taxable year. The credit is available for the year of the investment and the four years following. However, the total credit is limited to 50% of the taxpayer’s contribution. The credit applies to contributions made in taxable years 2004 and after. S. 42, sec. 6.

Personal Income Tax

Lottery prizes will no longer be exempt from Vermont income tax for taxable years beginning on or after January 1, 2005. Non residents are taxable on prizes if they purchased the ticket in Vermont. If a lottery winner sells the right to future lottery annuity payments, the lottery winner will be taxable on the proceeds of that sale. H. 784, secs. 13, 14.

See Affordable Housing tax credit above.

See Vermont Seed Capital Fund tax credit above.

Sales and Use Tax

There will be two sales tax holidays - August 7 through 9 and October 9 through 11, 2004 - during which no sales or use tax will be imposed or collected on sales of personal computers to individuals for personal use. As in 2003, the Commissioner will publish a list of personal computers and components thereof that qualify for the exemption. Act 121, sec. 51.

The date that the provisions of the Streamlined Sales and Use Tax Agreement may become effective is move back from no sooner than January 1, 2005 to no sooner than July 1, 2005. H.784, sec. 27.

HIGHLIGHTS OF TAX LEGISLATION PASSED IN 2004 - CONTINUED

Various technical amendments were made to the sale tax laws to conform with Streamlined Agreement provisions. These changes, like those enacted in the 2003 legislative session, will become effective no sooner than July 1, 2005. H. 784, secs. 15-21.

The exemption for agricultural items codified at 32 V.S.A. § 9741(3) is expanded to include sheets of plastic for bunker covers. The requirement that silage bags and wrap be recyclable in order to qualify for sales and use tax exemption is eliminated. Effective on passage. Act 121, sec. 88.

Bulk sale provisions (requiring notification to the department) apply to transfer of business assets structured as a long-term lease as well as a sale. Effective March 1, 2004. Act 70, sec. 34.

Bank Franchise Tax

Banks pay a tax on their deposits in lieu of paying corporate income tax. Current law limits the bank tax to no more than the bank's federal taxable income, but not less than \$5000. This limitation is repealed and banks may not use it to limit their taxes for 2004 or after. H. 784, sec. 6.

Telephone Tax

Certain telephone companies (those with less than \$50 million in annual gross operating revenues within the state in the preceding taxable year) have the option to pay a gross receipts tax in lieu of the personal property tax and the income tax. H. 784 provides that no election to pay the gross receipts tax may be made by a taxpayer that did not make the election in the previous year. Effective upon passage. Sec. 10.

NEW Heating Oil Tax

Beginning July 1, 2004, a tax of one-half cent per gallon of heating oil or kerosene is imposed on every seller receiving more than \$10,000 annually for the retail sale of heating oil or kerosene not used to propel a motor vehicle. Monies from this tax will be deposited into the petroleum cleanup fund to fund cleanup and restoration of contaminated soil and groundwater caused by releases of petroleum from storage tanks and to pay third party claims for compensation. The tax terminates April 1, 2008. H. 412.

Education Property Tax

The education property tax rates are reduced for fiscal year 2005 (property taxes for the 2004-2005 school year) from \$1.10 to \$1.05 on homesteads and from \$1.59 to \$1.54 on nonresidential property (all property other than homestead). This is a one-year reduction. The homestead tax is adjusted for local spending decisions. A correlative change is made to "applicable percentage" (1.9 percent) for income sensitivity. Act 76, sec. 6.

The homestead declaration law is changed in several ways:

- (1) The penalty for not filing a required declaration by April 15 or filing an incorrect declaration is reduced from 3 or 8 percent to 1 percent in all cases.
- (2) Towns may keep any penalties collected. Towns have authority to abate penalties and interest due to late or incorrect homestead declarations in cases of hardship. Hardship is defined in the law.
- (3) Towns will issue new property tax bills reflecting a reduced tax only for late, revised or rescinded declarations filed before December 1 of each year. Any reduction in tax due to a new, revised or rescinded declaration shall be paid to the taxpayer no later than May 15 of the fiscal year. Any additional tax due to the filing of a declaration or failure to file a declaration may be assessed without regard to the December 1 date. This additional tax and interest shall constitute a penalty which the towns may assess and collect in the same manner as a property tax under chapter 133.

Act 76, sec. 2 and H. 756, sec. 18a.

HIGHLIGHTS OF TAX LEGISLATION PASSED IN 2004 - CONTINUED

Income sensitivity adjustment payments will be based on the proper tax, even if the claimant originally forgot to declare a homestead declaration. Act 76, sec. 4.

The method for calculating amounts due from towns to the education fund is simplified. The education tax rates adjusted by common level of appraisal, and for the homestead rate by district education spending, are applied to the town's education grand list. A preliminary calculation of education fund payments will be done based on grand list information given to Property Valuation and Review by August 15 and a final calculation will be done after December 31. This calculation will reflect any change in taxes due to late or incorrect homestead declarations not reflected in the preliminary calculation. Refunds due from a town to a taxpayer on account of the taxpayer's new, revised or rescinded declaration shall be paid no later than May 15 of the fiscal year. Act 76, sec. 6 and Act 107, sec. 18a.

Prior law, dating to 1961, had allowed a town to vote to exempt up to \$15,000 of grand list value of new residential construction. This amount is updated to \$ 75,000. This exemption may be voted for up to three years, but does not affect the education grand list unless approved by Vermont Economic Progress Council. Act 76, sec. 31.

The education tax break for qualified rent-restricted units is retained, but as a grand list value reduction certified by Vermont Housing Finance Agency (instead of as a credit). Act 76, sec.7 and H. 772, sec. 33.

Property Tax Adjustment Payments

Under the debt set-off payments due from Tax Department are diverted to pay a taxpayer's or claimant's debt to another State agency. Effective March 1, 2004, property tax adjustment payments and rebates will be apportioned between the debtor and non-debtor spouse based on homestead ownership (as opposed to income earned which is the rule for income tax refunds). Act 70, sec.45.

Solid Waste Tax

A moratorium on collection of solid waste franchise tax was enacted with respect to tax that could be assessed on the earth material portion of any waste resulting from mining, extraction, or mineral processing operations for any period of time before July 1, 2005. The Secretary of the Agency of Natural Resources shall report to the Legislature by May 1, 2005 on whether the tax applies to such materials, but even if it the report is affirmative, no tax shall be assessed for earth materials from operations prior to July 1, 2005.

Current Use

Agricultural land must be in active use to be eligible for enrollment in the current use program. The definition of "active use" is amended to include otherwise eligible land that is enrolled in a conservation enhancement program for agricultural lands through a contract with the state or federal government. This allows, for example, the portion of land along a river that the owner agrees not to plow for conservation reasons to qualify for enrollment. H. 778, sec. 11.

Miscellaneous Tax Changes

The annual license fee on amusement machines is repealed and the sales tax law is clarified. The sales tax applies to charges for "access to any game or gaming or amusement machine, apparatus or device" but excludes from these categories any "video game, pinball, musical, vocal or visual entertainment machines which are operated by coin, token or bills." Effective upon passage. H. 784, sec.11, 12.

The franchise tax on car and transportation companies is repealed for taxable years beginning on or after January 1, 2006. H 784, sec. 9. These companies continue to be subject to corporate income tax.

Estate tax law is amended to clarify that the special treatment of farm businesses (whereby tax is reduced by the percentage which the value of the farm business bears to the value of the federal adjusted gross estate) is limited to a Vermont farm business. Act 70, sec. 51.

Superior Court Decisions

Hoffer v. Ancel,

Chittenden Superior Court, Docket No. S0352-02 CnC (January 8, 2003).

The Superior Court rejected a Taxpayer's lawsuit under 42 U.S.C. § 1983 that alleged the tax commissioner and a Department attorney violated his Fourteenth Amendment Due Process rights by sending bills which did not contain meaningful notice, and further that they attempted to "cower" him into paying a disputed overpayment. The Court held that Defendants were entitled to qualified immunity.

Hoffer v. Department of Taxes,

Washington Superior Court, Docket No. 45-1-03 Wncv (November 5, 2003).

Taxpayer co-owns his homestead with another person not a member of his household. 32 V.S.A. § 6062(b) provides that in the case of homesteads owned by more than one owner (subject to certain exceptions), a claimant may claim the prebate only in an amount proportionate to the claimant's share of ownership. Taxpayer appealed claiming that since he paid all the property taxes he was entitled to a full prebate on that basis. The Superior Court affirmed the commissioner's determination that the value of the prebate changes depending on the proportion of ownership, not who in fact pays the property taxes, and that this classification is permissible under the due process and equal protection clauses.

Town of Victory v. State,

Essex Superior Court, Docket No. 70-12-00 ExCv (August 22, 2003).

The Court ruled that the Town's objections to the State's decision to enroll some of its relevant property in the current use program for the years 1989 through 1998 were barred because of the Town's failure to comply with the time limits for filing an appeal prescribed by V.R.C.P. 75(c).

Town of Victory v. Department of Taxes,

Essex Superior Court, Docket No. 33-6-99 Excv (January 10, 2003).

The Court found PVR's 1999 valuation of the Victory Forest for determining PILOT payments was arbitrary and capricious and thus invalid, not reflecting the statutory mandate of fair market value under 32 V.S.A. § 3708.

In Re Marlowe Chute, Inc.,

Orleans Superior Court, Docket No. 221-8-01 Oscv (March 26, 2003).

Taxpayer sold an aircraft to another. Although taxpayer used an intermediary, title to the aircraft passed from Taxpayer to the purchaser. Taxpayer later used the same intermediary to purchase another aircraft. Taxpayer structured transaction to qualify for deferral of gain under IRC § 1031. The Superior Court affirmed the commissioner's determination that Taxpayer's subsequent purchase of an aircraft was subject to sales and use tax. The commissioner rejected Taxpayer's arguments that by using the intermediary, Taxpayer was "trading" aircraft because the purchaser of Taxpayer's aircraft was not the vendor -- there were in fact two separate transactions. Therefore, Taxpayer did not qualify for the trade-in provisions of 32 V.S.A. § 9701(4).

Casella Construction, Inc. v. Department of Taxes,

Rutland Superior Court, Docket No. 769-12-00 Rdcv (March 28, 2003; Amended Order, May 7, 2003).

Casella purchased the three tracked vehicles in 1996 which were presumptively taxable under 32 V.S.A. Chapter 233, which imposes the sales and use tax on all tangible personal property unless otherwise exempted. 32 V.S.A. § 9741(12) exempted from the general sales and use tax "[m]otor vehicle purchases and use taxed under chapter 219 of this title..." In 1996, the motor vehicle purchase and use tax was capped at \$750. Casella paid no motor vehicle purchase and use tax, so the Department assessed the full sales and use tax. The Superior Court reversed, stating that Casella was entitled to the exemption, and imposed \$750 tax per vehicle. Appeal taken to Vermont Supreme Court.

In re Appeal of City of Burlington,

Washington Superior Court Docket No. 663-10-02 Wncv (November 6, 2003).

32 V.S.A. § 10103 imposes hazardous waste tax on the shipper of such waste. Burlington shipped 2,444 tons of waste to Canada, and appealed a \$146,652 assessment of the tax. The Court upheld the assessment, rejecting arguments that the tax violated the Import-Export Clause, the Commerce Clause, the Equal Protection and Common Benefits Clauses and the Supremacy Clause.

William Baker v. Department of Taxes,

Washington Superior Court, Docket No. 305-6-04 WnCv (September 21, 2004).

Mr. Baker purchased cigarettes over the internet (and then resold them) without paying Vermont cigarette tax. The Superior Court affirmed the Department's assessment of the cigarette tax.

Amy's Enterprises v. Department of Taxes,

Washington Superior Court, Docket No. 248-4-02 Wncv, March 1, 2004.

Amy's is a licensed distributor of breakopen tickets. Vermont law requires that licensed distributors acquire tickets for resale only from licensed manufacturers. Amy's acquired tickets from a Massachusetts distributor, not licensed as a manufacturer in Vermont. The Court affirmed a penalty of \$2,500.

TAX LITIGATION - CONTINUED

Department of Taxes v. Murphy and Presley,

Lamoille Superior Court, Docket No. 22-2-03 Lecv (July 9, 2004) (currently on appeal to Vermont Supreme Court).

The Superior Court granted a money judgment for land gains tax assessed against Taxpayers due to their failure to timely complete construction of their primary residence. The Court rejected Taxpayers' attempted collateral attack against the adverse decision on the merits of the assessment which was affirmed by the Vermont Supreme Court in *Murphy and Presley v. Department of Taxes*, 173 Vt. 571 (2001).

Supreme Court Decisions

Hoffer v. Ancel,

2004 VT 38 (April 28, 2004)

Taxpayer alleged the tax commissioner and a Department attorney violated his Fourteenth Amendment Due Process rights by sending bills which did not contain meaningful notice, and further that they attempted to "cower" him into paying a disputed overpayment. The Supreme Court rejected Taxpayers lawsuit under 42 U.S.C. § 1983, finding that Defendants were entitled to qualified immunity.

Hoffer v. Department of Taxes,

2004 VT 86 (August 24, 2004)

Taxpayer co-owns his homestead with another person not a member of his household. 32 V.S.A. § 6062(b) provides that in the case of homesteads owned by more than one owner (subject to certain exceptions), a claimant may claim the prebate only in an amount proportionate to the claimant's share of ownership. Taxpayer appealed claiming that since he paid all the property taxes he was entitled to a full prebate on that basis. The Supreme Court affirmed the commissioner's determination that the value of the prebate changes depending on the proportion of ownership, not who in fact pays the property taxes, and that this classification is permissible under the due process and equal protection clauses.

Town of Killington v. Department of Taxes,

2003 VT 88 (October 24, 2003)

The Supreme Court held that the State's calculation of Killington's equalized education grand list in accordance with its established procedures was rational and the State's methodology yielded a reasonably reliable result, rejecting each of the Town's claims and reversing a Rutland Superior Court decision.

UsGen New England, Inc. v. Town of Rockingham,

2003 VT 102 (November 7, 2003)

The Supreme Court upheld a freeze of the grand list value of hydroelectric generating facilities, rejecting a challenge under the Common Benefits and Proportional Contribution clauses of the Vermont Constitution, and the Fourteenth Amendment of the US Constitution. The Court held the freeze had the rational basis of ensuring temporary stability of tax revenues in a number of small Vermont towns in light of recent deregulation.

Casella Construction, Inc. v. Department of Taxes,

2003-269 (Entry Order, March 10, 2004)

Casella purchased the three tracked vehicles in 1996 which were presumptively taxable under 32 V.S.A. Chapter 233, which imposes the sales and use tax on all tangible personal property unless otherwise exempted. 32 V.S.A. § 9741(12) exempted from the general sales and use tax "[m]otor vehicle purchases and use taxed under chapter 219 of this title..." In 1996, the motor vehicle purchase and use tax was capped at \$750. Casella paid no motor vehicle purchase and use tax, so the Department assessed the full sales and use tax. The Superior Court reversed, stating that Casella was entitled to the exemption, and imposed \$750 tax per vehicle. The Supreme Court reversed, finding Casella was not entitled to the exemption, and upheld the full assessment of tax. Casella's Motion for Reargument on the issue of whether the Department's appeal to the Supreme Court was timely filed is currently pending.

Town of Victory v. State,

2004 VT 110 (October 22, 2004)

The State makes annual PILOT (payment in lieu of taxes) payments to towns in which ANR owns land. The payments are based on the appraisal value of the ANR land as set by the Department's director of Property Valuation and Review. If the Town disagrees with the director's appraisal, it may appeal to the Superior Court, and did so in this case. Here, the Superior Court heard the matter *de novo*, found the director's valuation invalid, and set a higher valuation. The Supreme Court concluded that the Superior Court correctly reviewed the decision of the director under the arbitrary and capricious standard, but that the Superior Court could not review the director's appraisal *de novo*. The Supreme Court vacated the Superior Court order setting the value of the land, and remanded the matter to the director of PVR for redetermination of the appraisal.

Jones v. Department of Forests, Parks and Recreation,

2004 VT 49 (June 4, 2004)

The Joneses were found to have violated their forest management plan and their land was removed from the current use program. The Supreme Court held the Superior Court erred when it held the State was equitably estopped from asserting violations of the plan, and that the Joneses were entitled to retroactively remove their parcel from the program. The Supreme Court further upheld the imposition of a land use change tax resulting from the violations.

2003-01:

Taxpayer is a company which provides its customers with reprographic copies of the customers' original documents, produced on Taxpayer's commercial reprographic equipment. The copying process takes place either at Taxpayer's commercial reprographic centers, which are open specific hours and at which the copying equipment is entirely operated by Taxpayer's employees, or at its customers' facilities, where the customers operate the equipment. In some instances, customers provide their own paper for the copies; in others, it is supplied by Taxpayer.

Taxpayer requested a ruling on several issues. First, Taxpayer asked whether the receipts from the sale of the copiers to Taxpayer for use in its commercial reprographic centers are exempt from Vermont sales and use tax under 32 V.S.A. § 9741(14), the manufacturing exemption. The Department ruled that the copying procedures constitute "information processing" as defined in Reg. § 1.9741(14)-2(b), and the copiers are therefore exempt under the manufacturing exemption. In those instances where the customers provide the paper, the process is classified as "fabrication" rather than "manufacturing", and the copiers are exempt pursuant to 32 V.S.A. § 9771(3).

Second, Taxpayer asked whether transactions in which Taxpayer furnishes copiers to its customers which are placed on the customers' premises and operated by the customers constitutes a lease/rental subject to sales and use tax. The Department ruled that the contract is structured as a taxable lease under 32 V.S.A. § 9771(1), with consideration paid for the use of the copiers rather than for the copies themselves, even though charges are ultimately measured by the number of copies provided. Next, Taxpayer asked whether charges for copying services provided at its commercial reprographic centers are subject to tax. The Department ruled that where Taxpayer supplies the paper for copying, the focus of the transaction is on the sale of the copies (tangible personal property), rather than on the provision of services, and the receipts are subject to tax under 32 V.S.A. § 9741(35). Where the customer provides the paper, the copies are likewise taxable, but are taxable under 32 V.S.A. § 9771(3) which imposes sales tax on charges for fabricating tangible personal property for consumers who furnish the materials used in the process. See Reg. § 1.9771(3)-1.

Last, pertaining to the prior question, Taxpayer asked how the Department would equate copying to printing if the Department's response was based on the category of printing. Because it was not, the Department simply noted that other states have equated copying with printing.

2004-01:

Taxpayer requested a ruling as to whether the transfer of membership interests in a Delaware LLC (limited liability corporation) which owns real estate in Vermont would trigger the imposition of property transfer tax. The Department ruled that because the property is owned by the LLC and not the individual members, there was no transfer of title to the property which would trigger imposition of the tax. See 32 V.S.A. § 9601 et seq.

2004-02:

Taxpayer provides health and medical records processing services to requesting parties. Taxpayer's employees utilize laptops, scanners and other electronic devices to retrieve and produce the information. Taxpayer provides the data to its customers in one of two ways: it may either electronically transmit the information to its own facility, where it is processed and supplied to the customer in either electronic or hardcopy form, or Taxpayer's employee visits the location where the health and medical records are located and physically photocopies the requested information, mailing it to the customer.

Taxpayer has requested a ruling on two issues. First, Taxpayer asks whether various itemized charges to its customers are subject to sales and use tax: (1) Basic/Retrieval Fee for locating the records; (2) Quickview Delivery Fee for electronic access to the contents of the information on the internet; (3) Per Page Fee for each page scanned or photocopied; (4) Postage Fee; (5) Handling Fee; (6) E-Disclosure Fee to track and confirm the status of the information being delivered; (7) Certification Fee; (8) Notarization Fee; (9) Deposition Fee to affirm that the information may be used in a legal deposition, and (10) Docustore Fee for electronic storage of the information.

The Department ruled that the Basic/Retrieval Fee is subject to sales and use tax when the reports are printed or photocopied onto paper because the reports constitute tangible personal property and the focus of the transaction is the document itself, rather than the service. 32 V.S.A. § 9741(35). The receipt is taxable for sales tax purposes under 32 V.S.A. § 9771(1) and constitutes taxable consideration for use tax purposes under 32 V.S.A. §§ 9773(1) and 9774(c). The Department ruled that the Quickview Delivery Fee is a fee to access a site on the internet, and is not taxable. The Per Page Fee is

essentially a charge for the report, and is taxable under § 9771(1) (sales tax), and §§ 9773(1) and 9774(c) (use tax) when the report is delivered in a tangible medium. It is not subject to sales and use tax when delivered electronically. The Postage Fee is a transportation charge conditionally excluded from sales and use tax under 32 V.S.A. § 9701(4). The Handling Fee, however, does not qualify as a transportation charge and is subject to tax under § 9771(1) (sales tax) and §§ 9773(1) and 9774(c) (use tax). The E-Disclosure fee is a nontaxable service charge. The Certification Fee, Notarization Fee, and Deposition Fee are subject to sales and use tax when the reports are provided on paper because the focus of the transaction is the transfer of tangible personal property, and in the case of Certification and Notarization Fees, the charges are a necessary part of the report production process. In the case of the Deposition Fee, the service is required to produce a report that serves its intended purpose. When the reports are delivered electronically, these fees are not subject to tax. The Docustore Fee is not a charge for the transfer of tangible personal property and is not subject to sales and use tax.

Second, Taxpayer asked whether scanners, laptops, and other similar electronic media it uses in the course of providing services to its customers are exempt under 32 V.S.A. § 9741(14), the manufacturing exemption. The Department ruled that the equipment is not exempt because Taxpayer regularly uses the equipment to produce intangible, as opposed to tangible, personal property, and the exemption applies only when such use is isolated or occasional.

The Department further noted that this ruling will become obsolete, to some extent, when the sales and use statutes enacted in accordance with the streamlined sales tax agreement, become effective.

2004-03:

Taxpayer requested a ruling on whether three items - lancets, alcohol swabs, and glucose tablets - are subject to sales and use tax, or exempt from the tax under 32 V.S.A. § 9741. The Department ruled that both lancets and alcohol swabs are taxable because they are not designed primarily to cure, correct or reduce the severity of a human ailment, injury or disability, but are instead part of a preventative regimen. Glucose tablets, however, used to treat diabetes by raising blood sugar levels, are exempt from the tax.

2004-04:

This ruling could not be edited to sufficiently safeguard the identity of the taxpayer.

2004-05:

Taxpayers, internet software companies located outside of the State, provide access to web-based software products and services to their customers in Vermont which allow their customers to perform payroll, property and sales tax return processing. Taxpayers requested a ruling as to whether the charges for access and use of the online software is subject to sales and use tax. The Department ruled that the online software does not constitute tangible personal property pursuant to 32 V.S.A. § 9701(7) because the information accessed by customers is not delivered in a tangible medium, or by means of a physical item, and is not subject to sales and use tax.

2004-06:

Taxpayers, internet software companies located outside of the State, provide their customers with the ability to make online bill payments to vendors or suppliers. Taxpayers requested a ruling as to whether the charges to customers for accessing an in-state or out-of-state website to utilize these services are subject to sales and use tax. The Department ruled that the provision of services as described does not constitute tangible personal property pursuant to 32 V.S.A. § 9701(7), and is not subject to the sales and use tax.

TB-24:

(October 16, 2003)

Technical Bulletin 24 replaces a previously issued version of TB-24 and Department Opinion 138, and discusses and provides examples of “[i]ncome exempted from state taxation under the laws of the United States” referred to in 32 V.S.A. § 5823(a)(1); “income from United States government obligations” under 32 V.S.A. § 5811(21)(B)(i), and “income which under the laws of the United States is exempt from taxation by states” referred to in 32 V.S.A. § 5811(18).

TB-25:

(June 3, 2003)

Beginning July 1, 2003, charges for rooms, meals and beverages that are subject to state meals and rooms tax are also subject to a 1% local option tax in Williston. (The bulletin does not apply to taxes imposed by the City of Burlington or City of Rutland). The tax must be collected (1) if the charge is subject to meals and rooms tax, and (2) the lodging is in Williston or the meal or beverage is furnished in Williston. Taxpayers should file the local option meals and rooms tax return quarterly, on the 25th day following the end of each quarter.

TB-26:

(June 19, 2003)

Personal computers purchased by individuals for personal use were exempted from Vermont sales tax and from the local option sales tax for a three-day period August 9 through August 11, 2003.

TB-27:

(July 21, 2003)

Nonmonetary or barter transactions are taxable transactions under the sales and use and meals and rooms tax provisions of Title 32 if the item or service given is a type of property, amusement, meal, or occupancy subject to tax. When there is a non-cash receipt, the taxable base of each side of the transaction is the value in money of what was received. If the value of the rooms, meals, goods, services or amusement received is difficult to determine, the taxpayer may make a calculation based upon what has been surrendered if that value is more clearly evident. The transaction should be recorded in an entity’s usual business records; if the taxpayer has not determined the value, or does not keep records in support of the value of items received, the Department may calculate the value. When trade occurs through a barter exchange or third party which awards dollars or exchanges credits, the applicable tax should be calculated at the award date. A taxpayer may report under the safe harbor provision which allows for redeemed tickets, occupied rooms, redeemed meal vouchers and transferred property to be valued at the rate in effect when used (transferred).

TB-28:

(Feb. 6, 2004)

Technical Bulletin 28 details the factors used by the Department to determine when a rental transaction is non arms-length for the purpose of calculating rent constituting property taxes, and the procedures to be used in calculating a taxpayer’s homestead property tax income sensitivity adjustment in such instances. 32 V.S.A. § 6061 et seq.

TB-29:

(March 8, 2004)

Although payments to providers for caring for certain individuals are tax exempt - so-called “difficulty of care” payments - payments received under the Federal Social Security Act must be added to federal adjusted gross income to arrive at “household income” as it pertains to homestead property tax adjustment payments. 32 V.S.A. § 6061(5)(B). Two exceptions apply: Payments made by the State for foster care or to a family for the support of an eligible person with a developmental disability, even if made under the Social Security Act, are not included in household income, 32 V.S.A. § 6061(5)(C). The term “family” does not include a group whose ties depend upon the existence of an economic relationship. 18 V.S.A. § 8722(3).

TB-30:

(July 7, 2004)

Personal computers purchased by individuals for personal use were exempted from Vermont sales tax and from the local option sales tax for a three-day period August 7 through August 9, 2004.

DESCRIPTION OF FY2003 – 2004 TAXES

| | | |
|---|--|---|
| Amusement Machine License 32 V.S.A. § 7501 | Repealed effective June 7, 2004. \$100 per machine, \$75 if placed in operation after July 1, \$50 if placed in operation after October 1 | Annual license required for each amusement or gaming machine into which may be inserted a piece of money or other object for which money is paid and which may be operated by the player in attempting to make a score or reach a standard. |
| Bank Franchise 32 V.S.A. § 5836 | .000096 of average monthly deposit | Tax assessed on franchise or privilege of doing business in Vermont on every corporation which is a bank, savings bank, savings institution, trust company, and every savings and loan association or building and loan association that has a business location in Vermont. |
| Beverage 7 V.S.A. § 421 | 26.5¢ per gallon malt 55¢ per gallon vinous | Tax is paid by every bottler and wholesaler on each gallon, or its equivalent, or malt or vinous beverages sold by them to retailers in this state. |
| Cigarette 32 V.S.A. § 7771 | \$1.19 per package (59.5 mills per cigarette) | Tax is prepaid by wholesaler when purchasing stamps or meter impressions which must be applied to each pack before sale to retailers. Every wholesale dealer or distributor must be licensed to do business. Licenses are without fee and non-transferable. |
| Electric Energy 32 V.S.A. § 8661 | Graduated tax based on megawatt hour production | Imposed on electric generating plants with a name plate generating capacity of 200,000 kilowatts or more. |
| Estate 32 V.S.A. § 7442a | Measured by Federal credit for state death taxes as in effect on January 1, 2001 | For deaths after January 1, 2002, the estate tax is measured by the amount of the Federal credit for state death taxes allowable under Section 2011 of the Internal Revenue Code, as in effect on January 1, 2001. |
| Freight Lines & Transportation Companies 32 V.S.A. § 8433 | 1.25% of appraised value of rolling stock. This tax is repealed for taxable years beginning on or after January 1, 2006. | Tax is assessed on the value of the rights, property and corporate franchise of each car or transportation company, provided that the appraisal of property of any foreign freight line and equipment company shall include only property of such company and not its corporate franchise. |
| Fuel Gross Receipts 32 V.S.A. § 2503 | 0.5% on retail sales of fuel. | Tax is on the retail seller of fuels other than motor fuel to fund the home weatherization assistance trust. |
| Game of Chance Licenses 32 V.S.A. § 10204 | Manufacturer's license \$3,000 annually; distributor's license \$2,000 annually | Manufacturers and distributors of break-open tickets for sale in Vermont must be licensed by the Commissioner. Only nonprofit organizations may purchase from distributors, and each ticket sold must bear a unique serial number. |
| Hazardous Waste Generation 32 V.S.A. § 10103 | Rates vary depending on treatment and disposal | Tax is on persons initiating shipment of hazardous waste who are required to file a manifest pursuant to Federal Resource Conservation and Recovery Act; and facilities required to obtain certification under 10 V.S.A. § 6606. Tax is based on the volume and destination of hazardous waste. |
| Persons initiating shipment: | | |
| Recycled | 11¢ per gallon or 1.4¢ per lb. | |
| Nonrecycled | 23.6¢ per gal or 30¢ per lb. | |
| Certain waste in Vermont for less than 180 days | 1.0¢ per lb. | |
| Facilities as defined in 10 V.S.A. § 6606: | | |
| Recycled | 11¢ per gallon or 1.4¢ per lb. | |
| Treated | 15.7¢ per gallon or 2.0 per lb. | |
| Disposed of in landfill | 23.6¢ per gallon or 3.0 per lb. | |
| Heating Oil Tax | ½¢ per gallon on heating oil or kerosene not used to propel a motor vehicle | Imposed on sellers receiving more than \$10,000 annually to fund cleanup and restoration of contaminated soil and groundwater caused by petroleum leaks. Terminates April 1, 2008. |

DESCRIPTION OF FY2003 - 2004 TAXES - CONTINUED

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| Insurance, Captive 8 V.S.A. § 6014 | Direct premiums tax ranges from .0038% to .00072%, decreasing as direct premiums increase. Reinsurance premiums tax ranges from .00214% to .00024%, decreasing as the total reinsurance premiums increase. | Captive insurance companies are assessed a .0038% tax on the first \$20 million, .00285% on the next \$20 million, .0019% on the next \$20 million, .00072% on each dollar thereafter on direct premiums; plus .00214% of first \$20 million and .00143% of the next \$20 million and .00048% on the next \$20 million and .00024% of each dollar thereafter on reinsurance premiums. The minimum tax is \$5,000. |
| Insurance, Surplus 8 V.S.A. § 5035 | 3% of gross premiums less return premiums | Tax is imposed on gross premiums, less return premiums, for surplus lines coverage placed with nonadmitted insurers. |
| Land Gains 32 V.S.A. § 10001 | 5% - 80% of gain on land sold if seller held land less than 6 years | Tax is on the gain made from the sale or exchange of land located in Vermont and held by the seller less than six years. Rate is in inverse proportion to holding period. |
| Land Use Change 32 V.S.A. § 3757 | 20% of full fair market value of developed land 10% if the land has been in the program for more than 10 years. | Tax is assessed if agricultural or managed forest land previously appraised under the land use value program is developed. |
| Local Option (municipally imposed tax) 24 V.S.A. § 138 | 1% of sales tax excluding tax on telecommunications, 1% meals and alcohol beverages tax and 1% rooms tax | Authorized until 12/31/06 for certain towns impacted by Act 60. Tax is on sales subject to state sales tax (except clothing under \$110 is taxed and telecommunications charges are not taxed). 70% of receipts go to the town and 30% fund PILOT. |
| Meals and Rooms 32 V.S.A. § 9241 | 9% on meals and rooms; 10% tax on alcoholic beverages | Tax is on the gross receipts from the rental of rooms and the charge for meals, including alcoholic beverages. A one-time, non-transferable license is required before engaging in serving taxable meals or rental of rooms. |
| Musical Machine 32 V.S.A. § 7502 | \$25 per machine Repeal effective June 7, 2004 | Annual license required for coin operated machines which provide musical, vocal or visual entertainment. |
| Property Transfer 32 V.S.A. § 6902 | 1.25% of value of the property transferred, except rates for principal residences and Title 7 housing cooperatives is 0.5% of first \$100,000 + 1.25% of amount greater than \$100,000. Land enrolled in use value appraisal programs: 0.5% | Tax is imposed upon the transfer of title by deed to property located in this state. |
| Railroad 32 V.S.A. § 8211 | 1% of appraised value | Tax is assessed annually upon the appraised value of property and corporate franchise of each person or corporation owning or operating a railroad located in whole or in part within this state. 50% of the tax is paid to each town where railroad real estate is located. |
| Sales and Use 32 V.S.A. § 9771 32 V.S.A. § 9773 | 6% (Rate increase from 5% - and 4.36% on telecommunications - was effective 10/1/03) | Sales tax is on the retail sales price or rental charge of tangible personal property, the charge for amusements, and the retail sale of telecommunications services. Use tax is on the retail sales price of tangible personal property that is used, stored, or consumed within Vermont where no Vermont sales tax was paid. |
| Solid Waste 32 V.S.A. § 5952 | \$6.00 per ton (certain small landfills may pay on volume) | Tax is on public and private certified treatment and waste facilities |

DESCRIPTION OF FY2003 - 2004 TAXES - CONTINUED

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| Statewide Education Property 32 V.S.A. § 5402 | \$1.10 per \$100 of equalized education property value of homestead property; \$1.59 per \$100 of equalized education property value of nonresidential property. Annually, Tax Commissioner recommends rate adjustment to General Assembly based on education fund budget stabilization reserve balance. | Tax is imposed on all nonresidential and homestead property and is collected by the towns. Individual tax liability is adjusted pursuant to the income sensitivity provision of Title 32, Chapter 154. |
| Telephone (Alternative Tax) 32 V.S.A. § 5822 | 2.25% to 5.25% of gross operating revenue | Tax may be elected in lieu of telephone property tax by companies with less than \$50 million in gross operating revenue in previous year, but election may not be made by a taxpayer that did not make the election in the previous year. |
| Tobacco 32 V.S.A. § 7811 | 41% of wholesale price | Tax is imposed on the wholesale price of tobacco products (other than cigarettes) that a distributor imports into or manufactures in this state. |

DESCRIPTION OF TAX CREDITS AND PROGRAMS

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| Children's Trust Fund 32 V.S.A. § 5862b | N/A | Contributions of designated portion of income tax refund to Children's Trust Fund. |
| Commercial Film Production Credit 32 V.S.A. § 5826 | Difference between Vermont tax on Vermont commercial film production income and tax in taxpayer's state of residence | Credit against income tax for income received for a dramatic performance in a commercial film production. |
| Economic Advancement Tax Incentives | | |
| 1. Payroll Credit 32 V.S.A. § 5930c | 1. Percent of increased payroll costs. | Businesses may request approval of not more than 3 of the 5 credits in §5930c - § 5930g against income tax. Credits must be approved by Vermont Economic Progress Council. |
| 2. Research and Development Credit 32 V.S.A. § 5930d | 2. 10% of qualified research and development expenditures. | |
| 3. Workforce Development Incentive Credit 32 V.S.A. § 5930e | 3. 20% of qualified training, education and workforce development expenditures. | |
| 4. Export Tax Incentive 32 V.S.A. § 5930f | 4. Difference due to double weighted sales factor. | |
| 5. Small Business Investment Credit 32 V.S.A. § 5930g | 5. 5% to 10% of investments within Vermont in excess of \$150,000 in plant and facilities and machinery and equipment. | |
| 6. High Tech Growth Incentives 32 V.S.A. § 5930k | 6. 6% of investments in machinery and equipment; 6% of investments in cable, fiber, or telecommunications development credit in addition to 2 of Section 5930c, 5930d, 5930f or 5930g credits. | Available to certain high tech businesses. |

DESCRIPTION OF TAX CREDITS AND PROGRAMS - CONTINUED

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|---|---|---|
| Financial Services Development Credit 32 V.S.A. § 5922 | Amount of qualified person's Vermont income tax liability from investment management sources multiplied by certain ratios. | Credit against income tax of persons primarily engaged in business as an investment advisor or in investment management. |
| Homestead Property Tax Income Sensitivity Adjustment 32 V.S.A. § 6066 | <p>a. Statewide education tax in excess of 1.9% of household income (1.9% is adjusted for district spending above base amount of \$6,800 per pupil)</p> <p>b. Statewide education tax in excess of tax that would be due if assessment reduced by \$15,000</p> <p>c. \$10 per acre for up to 5 acres in excess of 2-acre housesite</p> <p>d. credit against income equal to amount by which adjusted property taxes exceed of percentage of household income:</p> <p style="margin-left: 40px;">\$ 0 - 4,999 - 3.5%</p> <p style="margin-left: 40px;">\$ 5,000 - 9,999 - 4.0%</p> <p style="margin-left: 40px;">\$ 10,000 - 24,999 - 4.5%</p> <p style="margin-left: 40px;">\$ 25,000 - 47,000 - 5.0%</p> | <p>For claimants with household income of less than \$75,000, (a) and (c) are available;</p> <p>Claimants with household income of \$47,000 or less, may opt for (b) instead of (a); (c) and (d) are also available.</p> <p>For claimants with household income of \$75,000 or more, (a) is available limited as follows: statewide property tax liability is limited to the lesser of 1.9% of household income plus the statewide property tax of the value of the homestead in excess of \$160,000.</p> |
| Housing Investment Tax Credit 32 V.S.A. § 5830c | Variable, not to exceed 3% of average outstanding balance of investment | A credit against personal or corporate income, bank franchise and insurance gross premiums tax for investment in eligible housing charities. |
| Mobil Home Park Sale Credit 32 V.S.A. § 5828 | 7% of taxpayer's gain subject to Federal income tax | Credit for capital gains on sale of mobile home park to majority of park's leaseholders. |
| Nongame Wildlife Fund 32 V.S.A. § 5862a | N/A | Contributions of designated portion of income tax refund to the Vermont Campaign Fund. |
| Training Tax Credit 32 V.S.A. § 5930t | Up to \$400 per qualified employee per taxable year | A credit against income tax for training expenses associated with providing training to individual employees. |
| Vermont Campaign Fund Add-on 32 V.S.A. § 5862c | N/A | Contributions of designated portion of income tax refund to Vermont Campaign Fund. |
| Vermont Earned Income Tax Credit 32 V.S.A. § 5828(b) | 32% of Federal credit | A credit against income tax liability is allowed for resident and part-year resident individuals receiving the Federal Earned Income Tax Credit. |